

## **INTERNATIONAL BUSINESS NEWS – NOVEMBER 2004**

**U.S. Department of Commerce**

**International Trade Administration – U.S. Export Assistance Center**

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### **MACHINE-READABLE PASSPORT PROCEDURES ANNOUNCED BY DEPARTMENT OF HOMELAND SECURITY**

Beginning October 26, 2004, officers from the U.S. Department of Homeland Security's (DHS) Bureau of Customs and Border Protection (CBP) will begin enforcing requirements that travelers applying for admission under the Visa Waiver Program (VWP) must be in possession of a machine-readable passport. After October 26, 2004, if a Visa Waiver Program national presents him or herself for admission to the United States without a machine-readable passport or non-immigrant visa, a CBP officer is permitted to grant a one-time exemption to admit the traveler to the United States. The traveler will be issued a letter explaining the U.S. entry requirements and his or her passport will be annotated that a one-time exemption has been granted.

"These interim procedures will allow U.S. Customs and Border Protection officers to effectively enforce the law and exercise discretion when appropriate," said Under Secretary for Border and Transportation Security Asa Hutchinson. "These are prudent steps to ease travelers into these new documentation requirements. The United States is a welcoming nation and we do not want to turn people away because they do not possess the newly required passport or a valid non-immigrant visa."

When granting the exemption, CBP officers will notify the traveler of the requirement for a machine-readable passport, or that they can obtain a non-immigrant visa for subsequent visits. If a traveler fails to obtain a machine-readable passport or a non-immigrant visa for subsequent visits, they may be refused entry under the VWP.

Each VWP applicant must present an individual machine-readable passport. This is a change for family members who have applied for admission under one passport in the past. As announced last year, families must have individual machine-readable passports for everyone, including children. CBP officers can apply the same one-time exemption to families as well.

The new machine-readable document requirement had been scheduled to go into effect last year. Since the

U.S. announced it was extending the implementation date from October 1, 2003, until October 26, 2004, VWP countries have been taking steps to issue machine-readable passports and to communicate information about these new requirements to their citizens. To help their citizens comply with the new document requirements, some countries are even offering to issue new machine-readable passports on the spot to their citizens at departure airports.

Through April 25, 2005, U.S. Customs and Border Protection will not impose fines on transportation carriers for transporting VWP travelers from 22 countries to the U.S. without a machine-readable passport. The 22 countries are: Austria, Australia, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

Congress has extended the deadline for the inclusion of biometrics in VWP-country passports until October 26, 2005. This does not affect the current requirements for machine-readable passports. An estimated 13 million visitors from Visa Waiver Countries enter the U.S. each year. Travelers from Visa Waiver Countries are allowed to enter the U.S. for up to 90 days for business or pleasure using only a passport.

### **U.S. DEPARTMENT OF COMMERCE BEST MARKET REPORTS FOR U.S. EXPORTS**

Best Market Reports for U.S. Exports are available for the following industries. For a copy of these reports contact us at [little.rock.office.box@mail.doc.gov](mailto:little.rock.office.box@mail.doc.gov), fax 501-324-7380, or phone 501-324-5794.

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## CANADA STANDARDS OVERVIEW

This report gives a detailed overview of the Canadian standards development and product testing and certification systems. Products shipped to Canada must conform to the relevant Canadian standard. In most instances, Canadian and U.S. standards are very similar, and products designed to conform to U.S. standards will meet Canadian standards with little or no modification. In some product areas, such as air conditioning and refrigeration, U.S. and Canadian standards have been harmonized into a single North American standard. Similarities between U.S. and Canadian standards, however, do not relieve the U.S. exporter of the obligation to meet the Canadian standard. For a copy of this 12-page report, contact us at [little.rock.office.box@mail.doc.gov](mailto:little.rock.office.box@mail.doc.gov), or by fax 501-324-7380, phone 501-324-5794.

## UNITED STATES WORKS TO IMPROVE TRADE SECURITY WITH MEXICO USTDA, OTHERS TO SPONSOR SUPPLY-CHAIN SYMPOSIUMS IN MEXICO

The U.S. Trade and Development Agency (USTDA), in cooperation with the U.S. Commercial Service and the Mexican Trade Council (COMCE), announced plans to sponsor four one-day symposia on U.S.-Mexican supply-chain security and management. The events will be held in Mexico later this year and in early 2005.

The objective of the symposium series is to bring together key supply-chain decision-makers across the U.S.-Mexican border to engage in a lasting dialogue designed to improve supply chain security and integration, and to increase trade. The symposium series will focus on modernizing supply chains throughout the region and the benefits that will result from securing the avenues of international trade. Each symposium will outline solutions for successfully managing new import and export requirements, and present methods for achieving a higher level of security without disrupting trade.

The symposia will attract participation by U.S. companies engaged in trade security through products or services, including customs brokers, third-party logistics providers, retailers and transporters. The event will provide an opportunity to meet with Mexican counterparts, such as Mexican manufacturers and shippers engaged in cross-border trade and government officials interested in developing trade. Over 600 Mexican companies will be invited to participate in the symposia along with leading U.S. companies, including Procter & Gamble, BearingPoint, CNF, DaimlerChrysler, and Oracle. Other organizations, such as the Customs-Trade Partnership Against Terrorism and the Business Anti-Smuggling Coalition (BASC), are also scheduled to attend.

The symposia are scheduled to take place as follows:

- Tuesday, November 30, 2004: Mexico City, Mexico
- Thursday, December 2nd, 2004: Monterrey, Mexico
- Tuesday, January 25, 2005: Guadalajara, Mexico
- Thursday, January 27, 2005: Tijuana, Mexico

Further information and secure on-line registration can be found at [www.mexicotradesecurity.com](http://www.mexicotradesecurity.com)

## BRAZIL SPECIAL TEMPORARY ADMISSION SYSTEM by: Patricia Marega

On January 14, 2003, the Brazilian Federal Revenue Office passed Normative Ruling SRF 285, regulating the special temporary admission system. Under this customs system, certain products may be kept or used in Brazil during a set period, enjoying full or partial tax exemption until they are re-exported; this special customs mechanism applies to goods imported on a temporary basis without consideration to foreign currency (exchange cover), provided that the original reasons for such imports and the respective period of stay are observed. As a primary condition for entitlement to this benefit, no changes in the characteristics or features of these goods may be made until they are re-exported.

This tax exemption aims to promote the import of goods to meet Brazilian economic, technical, scientific, social and cultural interests. The special temporary admission system generally applies to items used for cultural, scientific, sport, or industrial trade fairs and exhibitions; samples and products for demonstration, testing, controlling or repair; certain kinds of packaging, and the like.

The period of stay varies depending on the type of imported goods, their purpose, and the time deemed necessary for their use and re-export. The temporary admission system ends when the product is re-exported, destroyed, given to the national treasury (provided that the customs authorities accept it), transferred to another special customs mode, or shipped for consumption.

For more information on special customs regimes, please visit our website [www.export.gov](http://www.export.gov). US companies interested in more information on this opportunity may contact:

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## **SOUTH AFRICA FRANCHISING**

The 2004 overview of the Franchising Industry in South Africa is now available from FRAIN. FRAIN is the Franchising Advice and Information Network, and part of the Department of Trade and Industry in South Africa. This organization is the Franchise Census commissioned by NAMAC Trust, provides a comprehensive and detailed overview of the Franchising Industry in South Africa and its main components. The Franchising sector contributes an average of 10.7 % to the 2004 GDP of the South African economy. For a copy of this 3-page report, contact us at [little.rock.office.box@mail.doc.gov](mailto:little.rock.office.box@mail.doc.gov), Fax 501-324-7380, or phone 501-324-5794.

## **U.S. CALLS ON JAPAN TO BOLSTER REGULATORY REFORM**

On October 14, Deputy U.S. Trade Representative Josette Shiner presented the Japanese Government with extensive reform recommendations designed to help sustain Japan's recent return to growth and open markets for U.S. companies. These recommendations build on significant progress achieved in recent years to reduce the myriad of regulations in Japan, including measures that have substantially lowered customs processing fees at Japan's international airports for express delivery services, reduced rates for calling mobile phones, and increased consumer choice in innovative medicines. Submitted under the U.S.-Japan Regulatory Reform and Competition Policy Initiative (Regulatory Reform Initiative), the recommendations presented to the Japanese Government cover key areas such as information technologies, telecommunications, medical devices and pharmaceuticals, energy, and competition policy.

## **U.S., JAPAN AGREE TO TEMPORARY RESUMPTION OF BEEF TRADE TRADE MAY BE EXTENDED FOLLOWING INTERNATIONAL REVIEW, USDA SAYS**

Japan has agreed to temporarily resume imports of U.S. beef from cattle 20 months of age and younger, easing a 10-month suspension of all beef from the United States.

Under the framework agreement, full beef trade could resume after a July 2005 review of the United States' enhanced livestock surveillance system, according to a joint U.S.-Japan statement issued October 23 in Tokyo following three days of talks.

The enhanced system, which will be reviewed by the United States, Japan, the World Health Organization (WHO) and the World Organization for Animal Health (OIE), was put in place following the discovery in December 2003 of a sole case of bovine spongiform encephalopathy (BSE) - also known as Mad Cow Disease - in Washington state and months of joint scientific consultations. The livestock surveillance system includes procedures for confirming the age of cattle and certification of the removal of risk materials from carcasses, the statement said.

Until the suspension, Japan was the United States' main beef market in terms of value. U.S. beef exports to Japan amounted to \$1.7 billion in 2003, according to an October 24 U.S. Department of Agriculture (USDA) fact sheet.

The agreement also calls for a resumption of U.S. imports of beef from Japan, said J.B. Penn, under secretary of agriculture for farm and foreign agricultural services. Penn briefed reporters October 23 in Tokyo. U.S. imports of mostly high quality "Kobe beef" were interrupted in 2001 when Japan found cases of BSE in its livestock herd.

## **INDONESIA: IMPLEMENTING REGULATIONS FOR CUSTOMS LAW NEEDED TO HELP ENFORCE IPR PROTECTION by: Henry Sutanto**

Under the existing Customs Law No.10/1995, there are ten provisions that authorize customs officials, as one of the government agencies responsible for Intellectual Property Rights (IPR) protection, to prevent exports and imports of pirated products. In order to exercise the authority, the customs law requires that the Indonesian government issue a set of implementing regulations, which are then signed by the President.

Once the implementing regulations are signed, Customs will soon introduce a new procedure whereby IPR holders can file their IPR ownership with the Customs Office. IPR holders can also list with the Customs Office names of companies that are permitted to export and/or import their IPR-protected products. Customs officials will then contact related IPR holders after seizing pirated products. The implementing regulations will also broaden the scope of IPR enforcement to include Patents and Industrial Designs.

Eight years ago, the Customs Office submitted a draft of the implementing regulations to the State Secretary, a Ministry that reports directly to the President. The Customs Office has been waiting for the approval since then. According to Ms. Rita Erawati, Head of Sub Division of Justice (Legal Analyst), Division of Politics, Defense and Justice, Bureau of Legislation II of the State Secretariat, the State Secretariat is responsible only to review drafts of legislations before they are submitted to the President to sign. The State Secretariat must ensure that the draft regulations are not contradictory to other prevailing regulations. With regard to the draft of the implementing regulations for the Customs Law, Ms. Erawati stated that her office is still waiting for a review, so called 'fatwa', from the Supreme Court. This review will be the government's decision whether Commercial Courts or District Courts will be responsible for handling IPR-violation cases. At present, the Customs Law stipulates that IPR cases be handled by District Courts.

Implications for U.S. Business:

Despite the issuance of the new copyright law in July 2003, Indonesia is still facing problems with the enforcement of Intellectual Property Rights (IPR). Rampant IPR violations are negatively affecting the business climate for foreign direct investment and stifling innovation by Indonesian companies.

The problem impacts many industry sectors, especially in the areas of software, video compact discs, pharmaceuticals, agricultural chemicals, books, and consumer products like apparel, cosmetics, and watches. These industries lose an estimated \$173 million a year from counterfeit and unauthorized production, as well as the loss of brand equity and brand confusion.

By making more serious efforts to protect IPR holders, the Indonesian government will be able to improve the business and investment climates and make Indonesia a more attractive place for American companies to do business. The U.S. Commercial Service in Jakarta assists American companies in exporting their products and services to Indonesia. For more information on this or other opportunities in Indonesia, please contact:

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or <http://www.BuyUSA.gov/indonesia>  
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#### **EFFORTS UNDER WAY TO CURB CUBA'S ACCESS TO U.S. CURRENCY TREASURY DEPARTMENT BLOCKS TRANSACTIONS WITH CUBAN MONEY-TRANSFER BUSINESS**

On October 25, 2004 the U.S. Treasury Department identified SERCUBA - an electronic money-transfer business - as a national of Cuba; thereby blocking persons subject to U.S. jurisdiction from engaging in transactions with the company.

SERCUBA provides a means by which U.S. persons can forward remittances to Cuban nationals via a third country or through SERCUBA's Web site.

Persons subject to U.S. jurisdiction may not engage in any transactions with SERCUBA unless authorized by Treasury's Office of Foreign Assets Control (OFAC). All property of SERCUBA that is in the possession of persons subject to U.S. jurisdiction is blocked.

For a complete copy of the article, go to <http://usinfo.state.gov/ei/Archive/2004/Oct/26-239470.html>, or fax us at 501-324-7380

## **USEFUL WEB SITES**

### **U.S. Department of Commerce International Trade Administration's Trade Leads**

View announcements from qualified international companies looking to source U.S. products and services and advertise government tender projects through our trade leads database. All of our trade leads are pre-screened by our U.S. embassy or consulate staff overseas and are provided as a free service for U.S. exporters.

[http://www.export.gov/comm\\_svc/tradeleads/tradeleads.asp](http://www.export.gov/comm_svc/tradeleads/tradeleads.asp)

### **Model Contracts**

<http://www.jurisint.org/pub/02/en/index.htm>

A collection of more than 160 model contracts and users' guides selected for their practical interest for international commercial transactions.

### **Incoterms (International Commercial Terms) Wall Chart**

<http://www.iccwbo.org/incoterms/wallchart/wallchart.pdf>

Go to this site to print out an "Incoterms" wall chart

### **ATA Carnet**

Carnets are international customs documents that simplify customs procedures for the temporary importation of various types of goods. For the latest information on Carnets, go to

<http://www.merchandisepassport.org>

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